

## Message Text

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ACTION EB-11

INFO OCT-01 EUR-25 ISO-00 L-03 CAB-09 CIAE-00 COME-00

DODE-00 DOTE-00 INR-11 NSAE-00 RSC-01 FAA-00 PPT-02

SCA-01 SCS-03 SS-20 NSC-07 DRC-01 /095 W

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R 301535Z JUL 74

FM AMEMBASSY MOSCOW

TO SECSTATE WASHDC 1227

INFO AMEMBASSY PARIS

C O N F I D E N T I A L MOSCOW 11715

E.O. 11652 GDS

TAGS: ETRN UR US

SUBJ: CIVAIR: PAN AMERICAN/AEROFLOT PROBLEMS

REF: A) STATE 16489 (NOTAL); B) MOSCOW 11022 (NOTAL);

C) MOSCOW 11323 (NOTAL); D) PARIS 17520

1. IN INTRODUCTORY CALLS ON AMBASSADOR AND OTHER EMBOFFS NEW PAN AM DIRECTOR FOR MOSCOW ZDENEK ANTHONY DRAHORAD INDICATED THAT RESIDENT VISA PROBLEMS HE AND FAMILY HAVE ENCOUNTERED APPEAR TO BE NEARING SATISFACTORY CONCLUSION. MIN CIVIL AVIATION (MCA) INDICATED IT WOULD INTERVENE TO ARRANGE VISA ADJUSTMENT "AS GESTURE OF GOODWILL." DRAHORAD RECOGNIZES HIS FAILURE TO OBTAIN BUSINESS VISA BEFORE ARRIVAL HAS LED TO SITUATION WHICH WEAKENS HIS FUTURE BARGAINING POSITION WITH SOVIET AUTHORITIES BUT BELIEVES THAT, AS NEW MAN FREE FROM ADVERSARY ROLE WHICH MARKED RELATIONSHIP BETWEEN MCA AND HIS PREDECESSOR, HE MAY BE ABLE ESTABLISH EFFECTIVE COMMUNICATIONS WITH LOCAL AVIATION AUTHORITIES AND AEROFLOT. DRAHORAD VOLUNTEERED THAT HE INTENDS ABIDE BY LETTER OF PAN AM/AEROFLOT AGREEMENT AND HOPES THAT FRIENDLY PERSUASION WILL CONVINCE SOVIETS TO CORRECT AT LEAST MORE GLARING AEROFLOT VIOLATIONS.

2. FORMER CHIEF OF PAN AM MOSCOW OFFICE, ERASTUS CORNING  
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III (WHO NOW HEADS PAN AM PARIS), ACCOMPANED DRAHORAD ON

EMBASSY CALLS. HE MENTIONED HIS WIFE HAS ARRANGED PURCHASE IN PARIS OF DISCOUNTED (50 PERCENT) PARIS-WASHINGTON TICKET FROM AEROFLOT AND EXPECTS TO PAY FOR AND OBTAIN TICKET THIS WEEK OR NEXT WITH VIEW OF PROVING NON-ETHICAL AEROFLOT PRACTICE.

3. CONCERNING SOVIET COMPLAINTS ABOUT PAN AM PRACTICES (PARA 2 REF A), WRITING OF TICKETS FROM MOSCOW TO APPEAR AS IF SOLD ELSEWHERE IS WIDELY PRACTICED HERE BY A NUMBER OF WESTERN AIRLINES AND TRAVEL ORGANIZATIONS, INCLUDING AMERICAN EXPRESS. PROCEDURE IS TO USE PAN AM OR OTHER FOREIGN AIRLINE TICKET STOCK, PREPARING FIRST COUPON AS FLIGHT TO MOSCOW, THEN WRITING REMAINING COUPONS TO REFLECT ACTUAL ITINERARY. FARE IS CALCULATED ON BASIS ENTIRE COUPON SERIES AND VALUE INITIAL COUPON IS CREDITED TO TRAVELER, WHO THEN PAYS USUAL FARE FOR ACTUAL ITINERARY. THIS ARRANGEMENT IS WIDELY FOLLOWED WHEN TRAVELER PAYS IN HARD CURRENCY AND TRAVELS TO WESTERN EUROPE AND BACK. WHILE AIRLINE REPRESENTATIVES IN MOSCOW ARE EXTREMELY RETICENT ABOUT THIS, PRACTICE APPARENTLY AROSE BECAUSE OF: (1) OCCASIONAL OUTRIGHT REFUSAL AUSTRIAN AIRLINES AND SOME OTHER CARRIERS TO HONOR TICKETS WRITTEN ON AEROFLOT STOCK (RESULTING FROM PROBLEMS IN OBTAINING REIMBURSEMENT FOR SERVICES FROM AEROFLOT); (2) RELUCTANCE AND IN SOME INSTANCES REFUSAL OF AEROFLOT REPRESENTATIVES OUTSIDE USSR TO PERMIT TRAVELERS WITH TICKETS WRITTEN ON AEROFLOT STOCK TO SWITCH FROM AEROFLOT TO OTHER CARRIERS FOR SPECIFIC FLIGHTS; AND (3) GENERAL INTRANSIGENCE OF AEROFLOT REPRESENTATIVES IN DEALING WITH OTHER AIRLINES.

4. IN EMBASSY'S VIEW, ROOT OF THIS AND OTHER TICKETING PROBLEMS IS AEROFLOT OBSESSION WITH NEED TO EARN MAXIMUM AMOUNT OF HARD CURRENCY. AEROFLOT ATTITUDES THIS REGARD MIRROR HARD-CURRENCY GOUGING PRACTICES TYPICAL ALSO OF INTOURIST. ALTHOUGH MCA PROBABLY DOES NOT OFFICIALLY CONDONE AEROFLOT VIOLATIONS OF USSR BILATERAL AND MULTI-LATERAL CIVIL AIR AGREEMENTS, SCANTY EVIDENCE AVAILABLE HERE INDICATES SUCH VIOLATIONS ARE RULE RATHER THAN EXCEPTION IN AEROFLOT RELATIONS WITH MOST WESTERN AIRLINES.

5. EMBASSY EXPECTS REMAIN IN CLOSE TOUCH WITH PAN AM MOSCOW OFFICE AND WILL FOLLOW CLOSELY ANY HINT OF IMPROVEMENT IN CONFIDENTIAL

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SOVIET OBSERVANCE PROVISIONS BILATERAL AS WELL AS INTERLINE AGREEMENT.  
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## Message Attributes

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